

Assembly Bill No. 2454

Passed the Assembly May 27, 2008

Chief Clerk of the Assembly

Passed the Senate August 18, 2008

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2008, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 10474 of the Business and Professions Code, relating to real estate.

LEGISLATIVE COUNSEL'S DIGEST

AB 2454, Emmerson. Real estate: Recovery Account.

Existing law, the Real Estate Law, provides for the licensure and regulation of real estate brokers and real estate salespersons by the Department of Real Estate. Existing law provides for creation of the Recovery Account in the Real Estate Fund, which is funded by fees imposed on licensees. Existing law provides that when an aggrieved person obtains a final judgment, as specified, against a defendant based upon the defendant's fraud, misrepresentation, or deceit, made with intent to defraud, or the defendant's conversion of trust funds, arising directly out of any transaction in which the defendant, while a real estate licensee, performed acts for which his or her license was required, the aggrieved person may file an application with the department for payment from the Recovery Account of the amount unpaid in the judgment that represents an actual and direct loss to the claimant in the transaction. Existing law prohibits the liability of the Recovery Account from exceeding \$20,000 for any one transaction and \$100,000 for any one licensee.

This bill would limit the liability of the Recovery Account for applications for payment filed on or after January 1, 2009, to \$50,000 for any one transaction and \$250,000 for any one licensee. The bill would also delete certain obsolete language from that provision.

The people of the State of California do enact as follows:

SECTION 1. Section 10474 of the Business and Professions Code is amended to read:

10474. Notwithstanding any other provision of this chapter and regardless of the number of persons aggrieved or parcels of real estate involved in a transaction or the number of judgments

against a licensee, the liability of the Recovery Account shall not exceed the following amounts:

(a) Except as provided in subdivision (b), causes of action which occurred on or after January 1, 1980, twenty thousand dollars (\$20,000) for any one transaction and one hundred thousand dollars (\$100,000) for any one licensee.

(b) For applications for payment from the Recovery Account filed on or after January 1, 2009, fifty thousand dollars (\$50,000) for any one transaction and two hundred fifty thousand dollars (\$250,000) for any one licensee.

(c) When multiple licensed real estate personnel are involved in a transaction and the individual conduct of two or more of the licensees results in a judgment meeting the requirements of subdivision (a) of Section 10471, the claimant may seek recovery from the Recovery Account based on the judgment against any of the licensed real estate personnel, subject to the limitations of this section and subparagraph (E) of paragraph (7) of subdivision (c) of Section 10471.

Approved _____, 2008

Governor